

Message Text

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ORIGIN OPIC-06

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P 242158Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY YAOUNDE PRIORITY

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FROM OPIC

E.O. 11652: N/A

TAGS: EFIN

SUBJECT:WESTERN CORN MILLING PROJECT

PLEASE PASS SEIFKIN FROM HENDERSON

1. OVER PAST SEVERAL WEEKS OPIC HAS DEFINED ITS POSITION ON SUBJECT PROJECT, BASED ON ITS CONSULTANT'S COMMENTS, ITS R-VIEW OF AAND B'S FEASIBILITY SURVEY, EXPERIENCE WITH SIMILAR LARGE PROJECTS, AND PRELIMINARY DISCUSSIONS WITH SNI, A AND B AND IFC.

2. THE OPIC CONSULTANT (INTERNATIONAL CENTER FOR THE IMPROVEMENT OF MAIZE AND WHEAT IN MEXICO) OPINED THAT FOUMBAN ;AS GREATEST POTENTIAL FOR MAIZE PRODUCTION IN WEST AFRICA AND POSSIBLY BETTER POTENTIAL THAN U.S. CORN BELT. THEREFORE CONCEPT OF PROJECT SOUND. BUT A AND B
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PROJECTIONS DID NOT TAKE INTO ACCOUNT SUBSTANTIAL LEARNING TIME AND COST REQUIRED BEFORE YIELD AND FARM EFFICIENCY OF PROJECT CAN REACH HIGH ASSUMED LEVELS. CONSULTANT SAID YIELDS ASSUMED BY A AND B ARE "TOO HIGH" AND ONE-CROP APPROACH IS ONLY VIABLE ALTERNATIVE. MUCH MORE WORK WILL NEED TO BE DONE, THEREFORE, BEFORE OPIC CAN COMMIT FINANCING TO THIS PROJECT.

3. HOWEVER, OPIC BELIEVES THE INGREDIENTS FOR A VIABLE PROJECT ARE PRESENT, GIVEN THE HIGH POTENTIAL OF FOUMBAN FOR MAIZE GROWING, A AND B'S COMPETENCE AND INTEREST IN THE PROJECT NOT ONLY AS MANAGER BUT AS INVESTOR, AND SNI'S LEADERSHIP THUS FAR. OPIC HAS PROPOSED TO A AND B AND SNI THAT THE INTERESTED PARTIES INCLUDING OPIC AND IFC ESTABLISH A "DEVELOPMENT COMPANY" WHICH WOULD PURSUE MANY ASPECTS SIMULTANEOUSLY FOR PERHAPS TWO YEARS LEADING TO DEVELOPMENT OF A FINANCIAL PLAN WHICH LENDERS AND INVESTORS CAN COMMIT TO IMPLEMENT. THE DEVELOPMENT COMPANY WOULD BE "PHASE I" OF THE BIG PROJECT AND WOULD REQUIRE FUNDING FROM THE PARTICIPANTS. OPIC BELIEVES THIS APPROACH WOULD SAVE TIME AND GET PROJECT MOVING WHILE AREAS NEEDING FURTHER INVESTIGATION ARE BEING STUDIED. IT WOULD ALSO GET A AND B AND SNI WORKING TOGETHER CONSTRUCTIVELY ON THE PROJECT AND WITHIN THE FRAMEWORK OF OTHER GURC AGENCIES WHO WILL BE INVOLVED LESS DIRECTLY IN THE PROJECT.

4. INITIAL SOUNDINGS ON THIS IDEA BY OPIC HAVE MET FAVORABLE RESPONSE FROM SNI, A AND B AND IFC. IT NEEDS TO BE DISCUSSED BY THE PARTIES TOGETHER AND OUTLINE OF BUDGET AND "PLAN OF WORK" WORKED OUT. OPIC AND NJAWE BELIEVE THIS IS PURPOSE OF TCHETGEN'S VISIT TO WASHINGTON THIS WEEK OR NEXT. A AND B WILL FLY IN WHEN HE OR OTHER SNI REPRESENTATIVES COMES. REQUEST SIEFKEN CONTACT TCHETGEN AND ASK HIM TO LET NJAWE AND OPIC KNOW HIS ETA WASHINGTON ASAP. HE SHOULD PLAN AT LEAST TWO DAYS IN WASHINGTON AND ONE DAY IN NEW YORK, MORE IF POSSIBLE, SO MEETINGS CAN BE LIMITED OFFICIAL USE

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VARIED IN COMPOSITION (I.E., A AND B-SNI, OPIC-SNI, GROUP, ETC.) OPIC PREPARED TO WORK CLOSELY WITH NJAWE AND SNI IN PLANNING AND HOSTING MEETINGS. A AND B IS PREPARED TO COME TO WASHINGTON THIS WEEK BUT NEEDS ADVANCE NOTICE TO SCHEDULE AIR TRAVEL. COPIES OF OPIC CORRESPONDENCE ON PROJECT BEING POUCHED TO SIEFKEN. DECONTROL FOLLOWING 5/24/78. VANCE

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